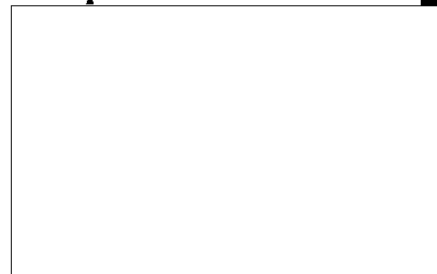
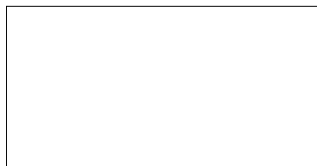




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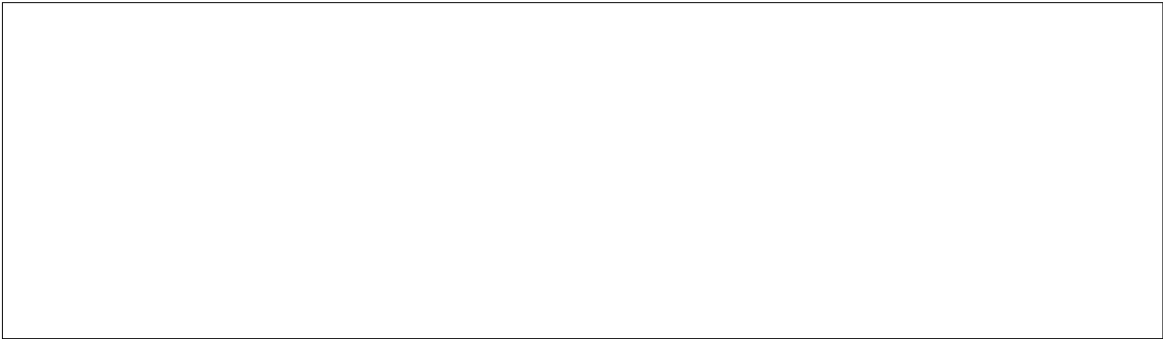
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SPECIAL ANALYSIS

⑥ EGYPT: Mubarak's Leadership Questioned

President Mubarak has been in office almost a year but has yet to demonstrate convincingly that he has the necessary qualities to provide effective leadership. Mubarak's position does not appear immediately threatened but is likely to deteriorate over the long term unless he convinces Egyptians he is coming to grips with the country's massive problems.

Over the past several months Egyptians have increasingly questioned whether Mubarak was up to the job of president.

1 Mubarak has been criticized for not taking tougher  
4 action against Israel to protest the invasion of Lebanon. Other Egyptians claim his lack of clear direction on the economy has led to uncertainty in the business community and has eroded investor confidence.

1 Mubarak's cautious approach has contributed to his credibility problems. Unlike former President Sadat, he generally has avoided dramatic announcements or actions. He is reluctant to make promises he cannot keep, a tactic often used by Sadat to buy time.

5 Despite these differences, Mubarak appears to have  
6 a good grasp of issues that are important to Egyptians and that could cause him greater problems in the future. He also effectively delegates authority and seeks the counsel of advisers more than Sadat did.

Foreign Policy Successes

1 Mubarak's recent foreign policy actions probably  
7 have helped strengthen his image. Most Egyptians view his stance on the crisis in Lebanon and the Palestinian question as correct.

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[redacted]

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This has helped undercut efforts by the opposition to turn public opinion against the government. Mubarak's differences with the US over these issues also are likely to improve his standing with those Egyptians who criticize close Egyptian-US ties. [redacted]

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Moreover, Mubarak's efforts to improve relations with other Arab moderates are producing results. This should help ease the concerns of Egyptians worried about their country's isolation. [redacted]

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#### Vulnerable on the Economy

Mubarak, as did Sadat, faces an enormous array of economic problems that could seriously undermine his position over the longer term. These include a worsening foreign payments situation, rising government deficits, and woefully inadequate public services in the cities. [redacted]

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1/2 The President is under widespread pressure from the public and from military personnel for improved economic conditions. There is little likelihood, however, they can be realized shortly. [redacted]

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#### Prospects

Mubarak and his advisers lack any quick fixes for the economy and are proceeding cautiously. They fear necessary major reforms could lead to widespread public protests such as the food riots in early 1977. Without far-reaching changes, however, economic problems will worsen and Mubarak's position will erode further. [redacted]

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1/ In the near term, domestic criticism of Mubarak probably will continue and perhaps increase. The opposition remains divided, however, and he does not appear to be in any immediate danger of being ousted. His longer term prospects will depend largely on his success in convincing Egyptians that he can provide decisive leadership in domestic and foreign affairs. [redacted]

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[redacted]

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